

Message Text

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DRAFTED BY: ARTHUR PILZER:CP
APPROVED BY:EB/IFD/ODF:FH THOMAS
ARTHUR PILZER
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TO AMEMBASSY BRASILIA
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E.O. 11652: N/A

TAGS: BPRO

SUBJECT: COOPERATIVE FINANCING FACILITY
CHANGE IN COLLECTION OF SERVICE FEE

1. FOLLOWING TELEX WAS SENT TODAY TO BANCO CENTRAL DO BRASIL
ATTENTION MR. A. DE PADUA SEIXAS, FIRCE DIVISION QUOTE

SUBJECT: COOPERATIVE FINANCING FACILITY CHANGE IN INTEREST
RATE ON PROMISSORY NOTE "B"

AS PREVIOUSLY ADVISED THROUGH U.S. EMBASSY AND AS DISCUSSED WITH
MR. DEFALCO, EXIMBANK HAS REVISED THE CFF PROGRAM WORLDWIDE WITH
REFERENCE TO COLLECTION OF ITS GUARANTEE FEE FROM U.S. BANKS WHO
PARTICIPATE WITH EXIMBANK IN PROVIDING CFF CREDIT LINES. THE BASIC
CHANGE, WHICH HAS ALREADY BEEN IMPLEMENTED WORLDWIDE EXCEPT FOR BRAZIL

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REQUIRES THE U.S. PARTICIPATING BANK TO PAY EXIMBANK A FEE IN ADVANCE
OF EXIMBANK'S DISBURSEMENT. UNDER THE PRESENT BRAZIL CFF THIS FEE IS
INCLUDED IN THE INTEREST RATE PAID BY THE BRAZILIAN BANK TO EXIMBANK
ON PROMISSORY NOTE "B" AND COLLECTED BY OUR U.S. AGENT BANKS.
UNDER THE REVISED CFF IT IS PROPOSED TO REDUCE THE PROMISSORY
NOTE "B" RATE BY 3/4 TO 1 PERCENT AND INSTEAD, REQUEST THE BRAZILIAN

BANKS, SAME AS OTHER BANKS WORLDWIDE, TO PAY A FRONT-END FEE ACCORD-
ING TO THE FOLLOWING TABLE:

TERM IN YEARS OF LOAN REQUEST	FEE PER \$100 OF DISBURSEMENT AMOUNT OF NOTE "B"
1/2	.38
1	.56
1-1/2	.75
2	.94
2-1/2	1.13
3	1.31
3-1/2	1.50
4	1.69
4-1/2	1.89
5	2.06

THIS FRONT-END FEE WILL BE PAID BY THE BRAZILIAN BANK TO OUR U.S.
AGENT BANK IN A MANNER ACCEPTABLE TO THE AGENT BANK BUT PRIOR TO
EXOMBANK'S DISBURSEMENT OF FUNDS TO THE AGENT. THE FEE IS ONLY CAL-
CULATED ON DISBURSED AMOUNTS OF NOTE "B". THE AGENT BANK WILL PASS THE

FEE TO EXIMBANK.

SINCE THIS PROPOSAL WILL REQUIRE CENTRAL BANK APPROVAL AS WELL AS
NOTIFICATION BY EXIMBANK TO BOTH THE BRAZILIAN BANKS AND OUR U.S. AGENT

BANK WE WOULD WELCOME YOUR REVIEW OF THIS PROCEDURE AND YOUR NOTIFYING

US OF ANY PROBLEMS YOU FORESEE IN IMPLEMENTING THIS CHANGE. WE WOULD
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APPRECIATE YOUR COMMENTS AS TO HOW WE SHOULD CONTACT EACH BRAZILIAN
BANK IN THIS MATTER. SIMILAR TO OUR LETTER OF JUNE 25, 1976 WE COULD
SEND A CONSULARIZED LETTER TO YOU AND AIRMAIL A COPY TO ALL ACTIVE CFF

BANKS. THE BANKS WOULD THEN CONTACT YOU FOR AN ADITIVO. WE WILL AWAIT
YOUR REPLY BEFORE CONTACTING THE BRAZILIAN BANKS OR U.S. AGENT
BANKS. UNQUOTE.

2. APPRECIATE EMBASSY FOLLOWING UP WITH FIRCE ON THIS MATTER AND
ADVISING OUTCOME. ALSO APPRECIATE EMBASSY AND CONSULATES
COMMENTS REGARDING PROPOSED CHANGE.
ROBINSON

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